

## MASTER CONSIGNMENT AGREEMENT

This Master Consignment Agreement ('Consignment Agreement') between Sears, Roebuck and Co. (together with its subsidiaries ('Company') and Envisions LLC ('Consignor'), is entered and effective as of July 6, 2011.

**1. Incorporation of General Terms.** Company and Consignor are parties to a Universal Terms and Conditions ('General Terms'). Unless otherwise provided, all terms in this Consignment Agreement are as provided in the General Terms. This Consignment Agreement amends and supplements the General Terms to permit the described consignment business transaction between Company and Consignor. The General Terms are otherwise not amended or altered by this Consignment Agreement.

**2. Consignment Merchandise.** Company and Consignor will designate Merchandise for consignment ('Consigned Merchandise') as provided on the Addendum attached as Exhibit A to this Consignment Agreement, as may be amended by Company and Consignor in writing from time to time. The Addendum will provide the effective date and expiration date for the sale of the Consigned Merchandise in question. The Addendum will also specify Consignor's stock number, Company's stock number, item description, unit cost, retail price, quantity, total value, and replenishment terms, if any, for each item of Consigned Merchandise.

**3. Accounting.** Consignor will invoice Company for the Consigned Merchandise. Company will debit Consignor's account for the amount of the agreed upon Consignment Contract. Consignor agrees the procedure described in this Section is for Company's internal accounting purposes only and does not constitute purchase or transfer of title of the Consigned Merchandise to Company.

**4. Retail Pricing.** Company will have the exclusive right to set the retail price of all Consigned Merchandise.

**5. Replenishment.** If the Addendum described in Section 2 provides for Replenishment of Consigned Merchandise, Consignor will replenish Company's inventory from time to time to maintain a constant aggregate total value of Consigned Merchandise inventory throughout the term of the Consignment Agreement as follows:

As Consigned Merchandise is sold Company will issue purchase orders from time to time as agreed by the parties. Any such purchase order will describe only a quantity necessary for Company to maintain the Consigned Merchandise in quantity equal to the total value provided in the Addendum described in Section 2.

Consignor will invoice Company for the Replenishment Consigned Merchandise. Company will pay the invoice as provided in the General Terms.

**6. Payment for Consigned Merchandise Sold to Customers.** Upon the expiration of the term provided in the Addendum, or at such other times agreed to by Company and

Consignor in writing, Company will credit Consignor's account for the amount of Consigned Merchandise sold, lost as a result of 'shrink' (i.e. loss due to theft) or otherwise not returned by Company during the term of the Addendum (except as provided for in Section 12 below). The amount credited to Consignor's account will be net of adjustments for (i) Customer returns made during the term of the Addendum; and (ii) any subsidy or allowance agreed to by Company and Consignor in writing.

**7. Disposition of Unsold Consigned Merchandise.**

(a) Upon the expiration of the term provided in the Addendum, Company may elect to (i) enter into another Addendum with Consignor for the unsold Consigned Merchandise; (ii) purchase some or all of the Consigned Merchandise; or (iii) designate for return to Consignor some or all of the unsold Consigned Merchandise.

(b) At any time during the term of an Addendum, Company may elect to (i) purchase some or all of the Consigned Merchandise; or (ii) designate for return to Consignor some or all of the unsold Consigned Merchandise.

(c) If Company elects to purchase some or all of the Consigned Merchandise during the term of an Addendum or upon the expiration of the term of an Addendum, then Company will credit Consignor's account for the amount of Consigned Merchandise purchased. Company's credit to Consignor will be net of any adjustments negotiated between Company and Consignor.

(d) If Company elects to designate for return to Consignor some or all of the Consigned Merchandise during the term of an Addendum or upon the expiration of the term of an Addendum, then Company will return the Consigned Merchandise to Consignor at Consignor's risk and expense. Company will simultaneously credit and debit Consignor's account for Consigned Merchandise returned to Consignor. Consignor understands and agrees that the procedure described in this Section is used solely for Company tracking purposes and does not constitute the purchase by Company of the Consigned Merchandise.

(e) At any time during the term of an Addendum, or upon the expiration of the term of an Addendum, Consignor may, at its sole risk and expense, take back some or all of the unsold Consigned Merchandise upon reasonable notice to Company.

**8. Customer Returns.** Company will attempt to resell any salable items of Consigned Merchandise returned to Company by Customer. Returned Consigned Merchandise that is not salable will be returned to Consignor at Consignor's risk and expense.

**9. Title to Consigned Merchandise.** All legal and equitable right, title and interest ("Title") to the Consigned Merchandise will remain with Consignor until Company (i) sells the Consigned Merchandise to a Customer, at which time Title will pass to Customer; or (ii) Company purchases the Consigned Merchandise as provided in Section 7. Upon payment, Title will pass to Company.

**10. Records and Audit.** Company will maintain accurate records of Consigned Merchandise. Consignor will have the right to inspect the records during Company's regular business hours and upon reasonable notice.

**11. Compliance with Laws.** Company and Consignor will cooperate fully to effect compliance with any law, rule or regulation governing the Consigned Merchandise. Consignor represents and warrants that its books of account will reflect that the Consigned Merchandise is delivered to Company as a consignment and not as a sale.

**12. Risk of Loss.** Consignor shall bear all risk of loss to all Consigned Merchandise until such Consigned Merchandise is actually received by Company. Except for the case of (a) negligent or intentional conduct on the part of the company, or (b) inventory 'shrink', the Consignor will bear the risk of loss or damage to the Consigned Merchandise while in the possession of Company. Consignor, at its expense, will adequately insure the Consigned Merchandise against fire, theft (other than 'shrink'), water, wind, rain and storm damage for the benefit of and in the name of Consignor.

**13. Liability.** Company will exercise reasonable care for the Consigned Merchandise while in its possession, including but not limited to (a) storing all Consigned Merchandise in locked safes overnight; (b) displaying all Consigned Merchandise in locked cases; and (c) accompanying any submitted loss with a police report. Company will have no liability to Consignor for the Consigned Merchandise except as any damages may be directly and proximately caused either by Company's failure to exercise reasonable care for the Consigned Merchandise or for inventory 'shrink'.

**14. Term.** This Consignment Agreement commences as of the Effective Date and will continue until terminated. Consignor or Company may terminate this Consignment Agreement by giving 90 days written notice to the other party. Upon termination, Company may hold back from its final payment to Consignor a reasonable amount ("Holdback Amount"), not to exceed 15% of the final payment, to cover returns of Consigned Merchandise by Customers after termination and return the remaining Holdback Amount, if any, six months after termination or at such other time as circumstances warrant. Upon termination, this Consignment Agreement will remain in effect to govern the disposition of any unsold Consigned Merchandise. The General Terms will survive termination of this Consignment Agreement.

**15. True Consignment; Financing Statements.**

(a) **True Consignment.** This Consignment Agreement is intended to be a true consignment agreement and the consignment created hereunder is intended to be a true consignment, where title to the Consigned Merchandise remains with the Consignor until sold to Company's customers or purchased by Company. If, however, it is determined that the consignment created by this Agreement is one intended as security, or the consignment is a sale or return transaction, or other sale, this Agreement shall constitute a security agreement pursuant to which Company grants Consignor a security

interest in the Consigned Merchandise. Company further grants to Consignor a continuing security interest in the proceeds of the Consigned Merchandise.

(b) Financing Statements. Company agrees to cooperate with and not object to Consignor filing Financing Statements pursuant to Article 9 of the Uniform Commercial Code, and to take such other steps as may be reasonably deemed by Consignor to be necessary to secure Consignor's rights in and to the Consigned Merchandise. The Uniform Commercial Code filing fees for such Financing Statements shall be paid by Consignor. A reproduction of this Agreement may be filed as such a Financing Statement. Upon termination of this Agreement and after return of unsold Consigned Merchandise and the transfer of all payments due from Company to the Consignor pursuant to this Consignment Agreement, Consignor agrees to execute and file all necessary Uniform Commercial Code Termination Statements and to take whatever other actions are reasonably requested by Company, at Company's expense.

**16. Covenants of Company.** Company agrees that it shall:

- (a) Defend Consignor's title to the Consigned Merchandise;
- (b) Permit Consignor's representatives, at reasonable time during normal business hours and upon reasonable advance written notice, to inspect the Consigned Merchandise and Company's books and records relating to the Consigned Merchandise;
- (c) Not permit any security interest or other lien or encumbrance to attach to the Consigned Merchandise at any time;
- (d) Furnish, upon reasonable request from Consignor, evidence of Consignor's ownership of the Consigned Merchandise.

**17. Events of Default.** The following shall be Events of Default for purposes of this Consignment Agreement provided that such noncompliance continues for a period of fifteen (15) days after receipt by Company of written notice thereof from Consignor (except with respect to an involuntary petition being filed against the Company; in which case Company shall have ninety (90) days to cure):

- (a) Company fails to make any payment due and payable to Consignor pursuant to the terms of this Consignment Agreement or the General Terms, as may be amended;
- (b) Company fails to comply in any material respect with any obligation of Company set forth in this Agreement (other than those referenced in subparagraph (a) above);
- (c) Company (i) makes an assignment for the benefit of creditors; or (ii) files or suffers the filing of any voluntary or involuntary petition under any chapter of the United States Bankruptcy Code; or (iii) applies for or permits the appointment of a receiver, trustee or custodian of any of its property or business; or (iv) makes an admission of its inability to pay its debts as they become due;
- (d) An attachment of any of the Consignment Merchandise shall occur and continue for fourteen (14) days; or

(e) Company becomes in default of any secured financing facility under which it is a borrower.

**18. Termination For Cause.** In the event that any Event of Default set forth in Section 18 hereof occurs, this Consignment Agreement shall immediately terminate upon receipt by Company of Consignor's written notice of such termination. In the event of any such termination under this Section 19:

(a) The Consignor's obligation to supply Consignment Merchandise or replenish sold Consignment Merchandise as provided in Section 5 above shall terminate.

(b) Company shall inform each of its retail locations where the Consignment Merchandise is located to immediately cease selling the Consigned Merchandise and such locations must cease selling all Consignment Merchandise within fifteen (15) days;

(c) All outstanding indebtedness of Company to Consignor under this Agreement shall become immediately due and payable;

(d) Company shall be required to marshal Consignment Merchandise in its possession at the date of such termination, to account for such Consignment Merchandise and to return such Consignment Merchandise during the twenty (20) day period immediately following such termination;

(e) Company shall pay Consignor for Consignment Merchandise sold or not returned pursuant to subparagraph (d) above, net of any set off and recoupment rights and obligations as provided in the Universal Terms and Conditions Company may have, as soon as practicable but in no event more than 30 days from the termination date; and

(f) Notwithstanding Company's obligation to pay Consignor for Consignment Merchandise not returned pursuant to subparagraph (d) above, until Company pays Consignor for the unreturned Consignment Merchandise, Consignor remains the owner of the unreturned Consignment Merchandise or, if the unreturned Consignment Merchandise has been sold to a third party, Consignor holds a first priority lien on any proceeds of such sale.

**19. Miscellaneous.**

(a) This Consignment Agreement sets forth the entire agreement and understanding between the parties with respect to Consigned Merchandise sales. The Consignment Agreement supersedes all prior negotiations, agreements and understandings related to consignment merchandise sales. The Consignment Agreement may be modified or amended only by a written instrument signed by both parties.

(b) Company will be entitled to seek an injunction granting specific performance of Consignor's agreements to (i) retain Title to Consigned Merchandise as provided in Section 9; and (ii) reflect Title to Consigned Merchandise on Consignor's books of account as provided in Section 9.

(c) Notice concerning this Consignment Agreement will be in writing and will be deemed received when delivered at the address set forth below or such other address of which either party may notify the other:

If to Consignor:  
Envisions LLC  
529 Fifth Avenue  
New York, New York 10017  
Attn: Maunish Bhansali  
President


If to Company:  
Sears Holdings Management Company  
3333 Beverly Road  
Hoffman Estates, Illinois 60179  
Attn:

Telephone: (646) 429-1100  
Facsimile: (212) 888-5465  
[maunishb@envisionsintl.com](mailto:maunishb@envisionsintl.com)

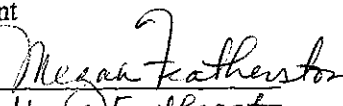
Signed: Consignor and Company have each caused this Consignment Agreement to be executed by its duly authorized representative as of the effective date.

ENVISIONS LLC.

COMPANY

By:   
Title: Maunish Bhansali  
President

By: Sears Holdings Management Corp.  
its agent

By:   
Name: Megan Featherston  
Title: SVR President

Date: 7/6/2011

Date: 7/7/11